



Executive Summary

Listed below are the highlights from the 2002 Montana Workers' Compensation Annual Report. This report contains information about Montana's workers' compensation system, including injury statistics and characteristics, benefits paid to claimants and payments made by insurers to others in the system, dispute resolution, and miscellaneous regulatory programs and functions.

Claims Statistics.....27-34

There were 31,606 claims reported in FY02 compared with 34,203 reported in FY01. This is a decrease of 7.6% from FY01. The number of claims reported by the private carriers decreased while claims reported by self-insurers and State Fund remained the same.

The service industry was responsible for 24.3% of all claims reported in FY02. Retail trade had the second largest percentage of claims, 14.2%.

The typical injured worker is male, employed in a service industry, and suffering a strain or sprain to an upper extremity.

From FY98 to date, the percentage of males reporting work related injuries has held steady at approximately two-thirds of all cases reported.

Benefits37-44

The total indemnity (wage loss) and medical benefits paid in FY02 was \$179,621,821 compared to \$179,376,566 in FY01. This is an increase of only \$24,526, less than 1%.

The upward trend continued in medical benefit payments, self-insurers (plan 1) had an increase of 15.5%, while State Fund (plan 3) increased 12.1%. Private carriers (plan 2) decreased payments by 13.5%.

The average payment and duration data presented on Closed Claims is calculated to provide a comparison between benefits over time as claims mature.

Attorneys represented injured workers in 55% of all claims settled in FY02.

Dispute Resolution..... 47-52

The Claims unit of the Employment Relations Division is responsible for the occupational disease (OD) evaluation process. In FY02, 173 OD cases were processed.

The number of mediation petitions received in FY02 rose less than 1% from FY01. Mediation resolved approximately 80% of its cases over the past 5 years. In FY02, mediation took an average of 34-days to complete a case for which a conference was held and a written recommendation issued.

The Hearings Bureau received 16 new petitions for contested case hearing in FY02, a decrease of 16% from FY01. The decrease in petitions reflects the transfer of original jurisdiction issues from the Hearings Bureau to the Workers' Compensation Court.

The Workers' Compensation Court received 243 petitions, dismissed 118 petitions, and issued 103 decisions in FY02.

Cost of Regulatory Functions..... 56

The cost of administering the Workers' Compensation and Occupational Disease Acts and the various occupational safety laws is funded by an assessment on employers and insurers. The cost of the regulatory functions in FY02 was \$4,387,058. Beginning in FY2000, a new process was instituted and each insurer was assessed 3% of benefits paid.

Subsequent Injury Fund..... 57

Subsequent Injury Fund (SIF) payments in FY02 for all dates of injury were \$236,116. There were 176 new SIF certifications during FY02 resulting in a total of 3,035 certified individuals in the state of Montana.

Uninsured Employers' Fund (UEF)58-59

UEF collections for FY02 totaled \$816,467, compared to approximately \$1,051,941 in FY01.

In FY02, the UEF unit received 76 new claims. Injured workers received \$582,716 in medical and indemnity benefits in FY02.

Occupational Safety & Health60-61

The Safety & Health Bureau completed 223 mandatory inspections of public employers and 214 on-site inspections of private employers. There were 31 coal-mining inspections performed and 174 sand and gravel operation inspections.

There were 79 formal training sessions conducted by the Bureau in FY02. The number of public sector workers trained in FY02 was 388. The number of private sector workers trained in FY02 totaled 638.

Independent Contractor Exemptions62-63

Independent contractor exemptions assist in identifying those who are independent contractors and do not want to be covered under workers' compensation insurance.

In FY02 the department processed 5,198 new independent contractor applications. There were a total of 29,204 active independent contractors. The construction industry accounted for approximately 50% of all independent contractors.

Professional Employer Organizations (PEOs) 64-65

In order to become licensed as a PEO, an application must be submitted which includes proof of workers' compensation coverage. Currently, the department has licensed 22 PEOs, which represent 341 clients. Approximately 2,482 employees were leased from PEO's in Montana.